



# **MODEL TO IMPLEMENT ERP WITH LEAN PHILOSOPHY**

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## Abstract

In today's highly competitive environment, most of the businesses in the manufacturing and service sectors have been forced to constantly monitor and have strict control not only over their top-line but also their bottom-line growth. As such being able to cut down on the cost of manufacturing or servicing has become one of the key performance indicators in the businesses. LEAN Manufacturing, which has now evolved into more of a LEAN Philosophy is a powerful approach used by today's businesses that are fighting hard to maintain a competitive edge in the market. The philosophy is also yielding benefits outside manufacturing. Manufacturing was also the original spawning ground of MRP and MRP II which later evolved into the now ubiquitous ERP (Enterprise Resource Planning) that we find in virtually every type of corporate entity. It is quite appropriate to ask the question of how LEAN and ERP interact in today's business world, and specifically whether they are mutually exclusive, independent or mutually supportive concepts altogether. This exercise is to present, that the synergetic implementation of ERP could hugely strengthen the LEAN initiatives and vice versa. This applied research is done at MAS Holdings, who is currently having a very well established SAP system as their ERP solution, and a well matured LEAN system.

MAS Holdings founded in 1986, is considered to be the region's single largest supplier of intimates apparel to worlds renowned brands such as Victoria's Secret, and being the preferred supplier to Nike and GAP. With a strong regional presence spanning 8 countries, MAS brings unparalleled supply chain integration, breathing life into design-to-delivery solutions through innovation and flexibility.

MAS considers SAP, their ERP system, as one of their advantages in the business, being the first to go ahead with SAP AFS Industry Solution in the apparel sector, which is approximately a decade old. MAS's latest decision in adopting Lean Manufacturing system more as a Philosophy in the company demands for radical changes in the business processes. Due to the frameworks set during the initial



implementation of SAP, now there occur misalignments between the two systems considered in MAS as advantages.

An effort is made in this study to identify the misalignments between the two systems and to propose a framework or a model that could be adopted by the company to make the two systems coexist in complete harmony.